

Eurosport Danmark ApS

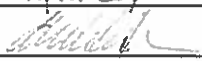
Mileparken 20 A,

2740 Skovlunde

Annual report 2015

The annual report was presented and adopted at the
Company's annual general meeting on

on April 20, 2016


chairman **LENE RYTTER**

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Eurosport Danmark ApS for the financial year 1 January – 31 December 2015.

The annual report has been presented in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

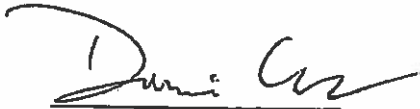
We recommend that the annual report be approved at the annual general meeting.

20 April 2016
Executive Board



Christian Kemp

Board of Directors:



Dominic Peter Coles



William James Lock



Christian Kemp

Independent auditor's report

To the shareholders of Eurosport Danmark ApS

Independent auditor's report on the financial statements

We have audited the financial statements of Eurosport Danmark ApS for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

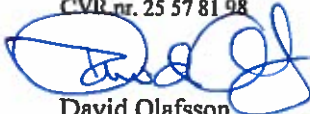
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

20 April 2016

KPMG

Statsautoriseret Revisionspartnerselskab

CVR nr. 25 57 81 98



David Olafsson
State Authorised
Public Accountant

Management's review

Company details

Eurosport Danmark ApS
Mileparken 20 A,
2740 Skovlunde

Registered office: Copenhagen

CVR no.: 29 91 53 85

Established: September 2006

Financial year: 1 January – 31 December

Board of Directors

Christian Kemp

Executive Board

Dominic Peter Coles

William James Lock

Christian Kemp

Auditor

KPMG P/S
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 20 April 2016.

Management's review

Operating review

Principal activities

The Company's principal activities comprise services in the television and media industry as well as other related activities, including investments in other enterprises with similar activities.

Development in activities and financial position

The profit for the year amounts to DKK 232 thousand and is in line with expectations.

The shareholders are currently looking into the possibility to merge the company with an affiliated company within the Discovery Networks Group.

Financial statements 1 January – 31 December

Accounting policies

The annual report of Eurosport Danmark ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Commission income

Commission income includes commission for sale of services to the group.

Other external costs

Other external costs comprise travel expenses, rent, office expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other operating costs

Other operating costs comprise items secondary to the Company's activities, including loss on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense, costs relating to finance leases, realised and unrealised gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Company is comprised by the Danish rules on compulsory joint taxation of the Discovery/Eurosport Group's Danish subsidiaries. Subsidiaries are included in the joint taxation from the date of takeover when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses

Financial statements 1 January – 31 December

Accounting policies

receive joint taxation contributions from entities that have used the losses to reduce their taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Fixtures and fittings, including leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The depreciable amount, which is calculated as cost less any residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, including leasehold improvement	3-5 years
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Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Receivables

Receivables are measured at amortised cost, which corresponds to the nominal value. The value is reduced by write-down for bad debts.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Financial statements 1 January – 31 December

Accounting policies

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Deferred net tax assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement and in equity, respectively.

Liabilities other than provisions

Trade payables and payables to group entities are recognised at cost.

Other liabilities are measured at net realisable value.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	<u>2015</u>	<u>2014</u>
Commission income		10,855	11,780
Direct costs		-8,065	-8,047
Other external costs		-721	-1,375
Gross profit		2,070	2,358
Staff costs	1	-1,731	-1,892
Depreciation and amortisation fixed assets		-29	-119
Profit before financial items		310	347
Financial income	2	-	-
Financial expenses	3	-4	-4
Profit before tax		306	343
Tax on profit for the year	4	-74	-91
Profit for the year		<u>232</u>	<u>252</u>
 Proposed profit appropriation			
Proposed dividends		0	0
Retained earnings		232	252
		<u>232</u>	<u>252</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	<u>2015</u>	<u>2014</u>
ASSETS			
Property, plant and equipment			
Fixtures and fittings, tools and equipment		58	86
Total non-current assets		<u>58</u>	<u>86</u>
Current assets			
Receivables			
Receivables from group entities		1,393	1,701
Deferred tax asset		32	42
Other receivables		2	128
Prepayments		-	-
		<u>1,427</u>	<u>1,871</u>
Cash at bank in and in hand		<u>225</u>	<u>418</u>
Total current assets		<u>1,652</u>	<u>2,289</u>
TOTAL ASSETS		<u>1,710</u>	<u>2,375</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	<u>2015</u>	<u>2014</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	5	125	125
Retained earnings		500	268
Proposed dividends for the financial year		0	0
Total equity		<u>625</u>	<u>393</u>
Liabilities			
Current liabilities			
Trade payables		783	1,581
Payables to group enterprises		0	19
Corporation tax		6	37
Other payables		296	345
Total current liabilities		<u>1,085</u>	<u>1,982</u>
TOTAL EQUITY AND LIABILITIES		<u>1,710</u>	<u>2,375</u>
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Financial statements 1 January – 31 December

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DKK'000	<u>2015</u>	<u>2014</u>
1 Staff costs		
Wages and salaries	1,587	1,578
Pensions	128	139
Other social security costs	16	175
	<u>1,731</u>	<u>1,892</u>
2 Financial income		
Interest income from group entities	0	0
Other financial income	0	0
	<u>0</u>	<u>0</u>
3 Financial expenses		
Interest expense to group entities	0	0
Other financial expenses	-4	-4
	<u>-4</u>	<u>-4</u>
4 Tax on profit for the year		
Actual tax on profit	-64	95
Adjustment of deferred tax	-10	-7
Prior years adjustment	-	3
	<u>-74</u>	<u>91</u>

Financial statements 1 January – 31 December

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5 Equity

	Share capital	Retained earnings	Proposed dividends	Total
Balance at 1 January 2015	125	268	0	393
Dividends distributed			0	
Transferred; re/distribution of profit		232	0	232
Balance at 31 December 2015	125	500	0	625

There have been no changes in share capital during the past five years.

The share capital consists of 125 shares of nominal DKK 1,000 each. All shares rank equally.

6 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the other Danish entities within Discovery/Eurosport group. The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc., may entail an increase in the Company's liability.

7 Related party disclosures

Eurosport Denmark ApS' related parties comprise the following

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Discovery Networks Denmark ApS
H.C. Andersens Boulevard 1
1553 København V
Danmark

The ultimate shareholder is

Discovery Communications Inc.
One Discovery Place
Silver Spring - 20910 Maryland USA